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OCI No. 2009/65

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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
18 September 1965

INTELLIGENCE MEMORANDUM

The India Pakistan Situation
(Report # 50 - AS of 11:00 A.M. EDT)

1. The Indian Defense Ministry announced today that Chinese Communist troops had moved to positions near the Sikkim frontier. Indian reports in the past have tended to exaggerate the extent of military movements and the number of Chinese troops in Tibet. The Ministry also announced that Chinese troops had also moved into the Demchhog area of Western Tibet near the border; later a spokesman denied that the frontier had been violated.

2. The Embassy in New Delhi concludes that limited Chinese Communist action along the Sino-Indian border is to be expected, assuming outright Chinese rejection of the Indian proposal for a joint investigation of the Sikkim border. While limited in scope, such action would be sufficient to tie down significant Indian forces. The Indian reply, in the view of New Delhi, is well designed to make a concession to the Chinese (joint investigation) that will make rejection of the Indian note difficult. The Embassy concludes that the success or failure of present Chinese Communist diplomatic maneuvers may depend upon the degree to which Indians can absorb them calmly but, if necessary, wait to meet the Chinese where it best suits the Indian advantage.

3. The military front along the West Pakistan-Indian border remained relatively quiet throughout 18 September. Reports from both Rawalpindi and New Delhi indicate that some activity--apparently probing actions--took place in the Sialkot sector

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in the north, in the front near Lahore, and farther south near the town of Khem Karan. Both the Pakistani and Indian air forces reportedly ranged well inside the opponent's country. The Indians have added another charge to the growing list of atrocity allegations with a claim that the Pakistani Air Force dropped 1,000 pound bombs in an attack on a military hospital.

4. Economic repercussions in the Calcutta area to the Indo-Pakistani fighting thus far have been slight and the only significant governmental restriction has been on the sale of aviation gas for private automobiles. The Government of West Bengal, however, has announced a 20 percent reduction in the foodgrain ration, presented to the public as a belt-tightening measure caused by the fighting. The Consul General in Calcutta believes, however, that the rationing reduction would have been necessary in any case in view of the tight nationwide supply position and uncertainty over future PL 480 deliveries.

5. New Delhi has protested to Britain over London's imposition of an embargo on the sending of arms and ammunition to the sub-continent. The embargo applies to Pakistan as well and Pakistani diplomats have also expressed their government's displeasure over the British action. Publicity given the British decision is particularly ill-timed in India as the public will tend to compare this action with yesterday's statement in the press that the USSR would continue to supply arms to India.

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